

EXHIBIT 19

REDACTED CONTENT

FILED UNDER SEAL

Sergey Leontiev

-v.-

Alexander Varshavsky

Expert Report
of
Charles W. Laurence, FCA

December 16, 2016

INTRODUCTION

I, Charles W. Laurence, and AlixPartners LLP (“AlixPartners”) were retained by the law firm of Gibson, Dunn & Crutcher LLP (“Gibson Dunn”), counsel for Sergey Leontiev, in the above-noted matter. As described more fully below, I was asked to analyze and express opinions with respect to the following transactions:

1. [REDACTED]

2. [REDACTED]

3. Two loans between Ambika, as the borrower, and either “CJSC New York Motors-Moscow” or JSC “Avilon AG” (collectively, “Avilon”), as the lender.

PROFESSIONAL QUALIFICATIONS

I am a Managing Director in the professional services firm of AlixPartners. Prior to joining AlixPartners, I was a partner in the corporate investigations practice of PricewaterhouseCoopers LLP. I have worked in the accounting profession for over 30 years, in which time I have served numerous companies in the areas of audit, due diligence and forensic accounting. My experience frequently includes conducting investigations, forensic flow of funds analysis and the evaluation of transactional activity in various regulatory contexts. I am a Fellow of the Institute of Chartered Accountants in England and Wales. Attached as Appendix A to this report is my curriculum vitae, which further describes my qualifications and experience, including a list of all publications I have authored in the previous 10 years and all other cases in which I have testified as an expert at trial or by deposition. I have been assisted by a team of professionals from AlixPartners. All work upon which this report is based has been performed by me or by AlixPartners staff under my direct supervision.

My firm bills fees and expenses in this matter based on hourly rates and expenses incurred. The range of hourly rates for AlixPartners personnel on this engagement is \$365 to \$1,070; my hourly rate is \$1,070. No portion of my firm's compensation is dependent on my conclusions or the outcome of this matter.

**INFORMATION
CONSIDERED**

In forming the opinions expressed below, I have considered certain documents provided to me by Gibson Dunn. These documents, as well as additional documents and information that I considered, are included in Appendix VII.

SUMMARY OF OPINIONS

Based upon the work performed to date and the facts and data described below, I have reached the following opinions:

1.

[REDACTED]

2.

[REDACTED]

3. The interest paid by Ambika to Aylon on the loans totaled approximately \$17.95 million.

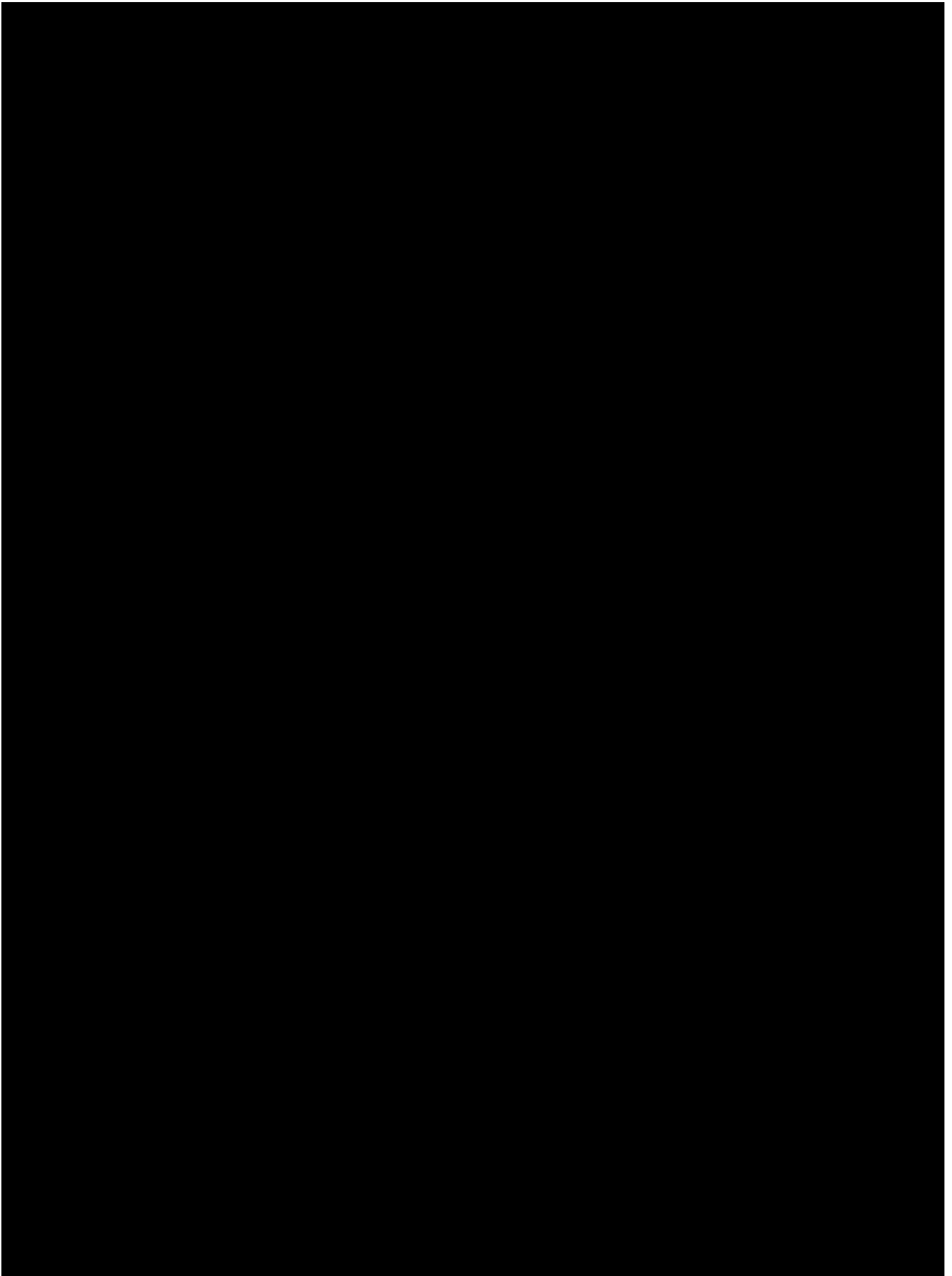
The basis and reasons for my opinions are discussed in detail in the following sections of this report. I may use Appendices I to VI of this report, or other similar demonstratives derived from the information contained in this report, to summarize or support my opinions when testifying at trial.

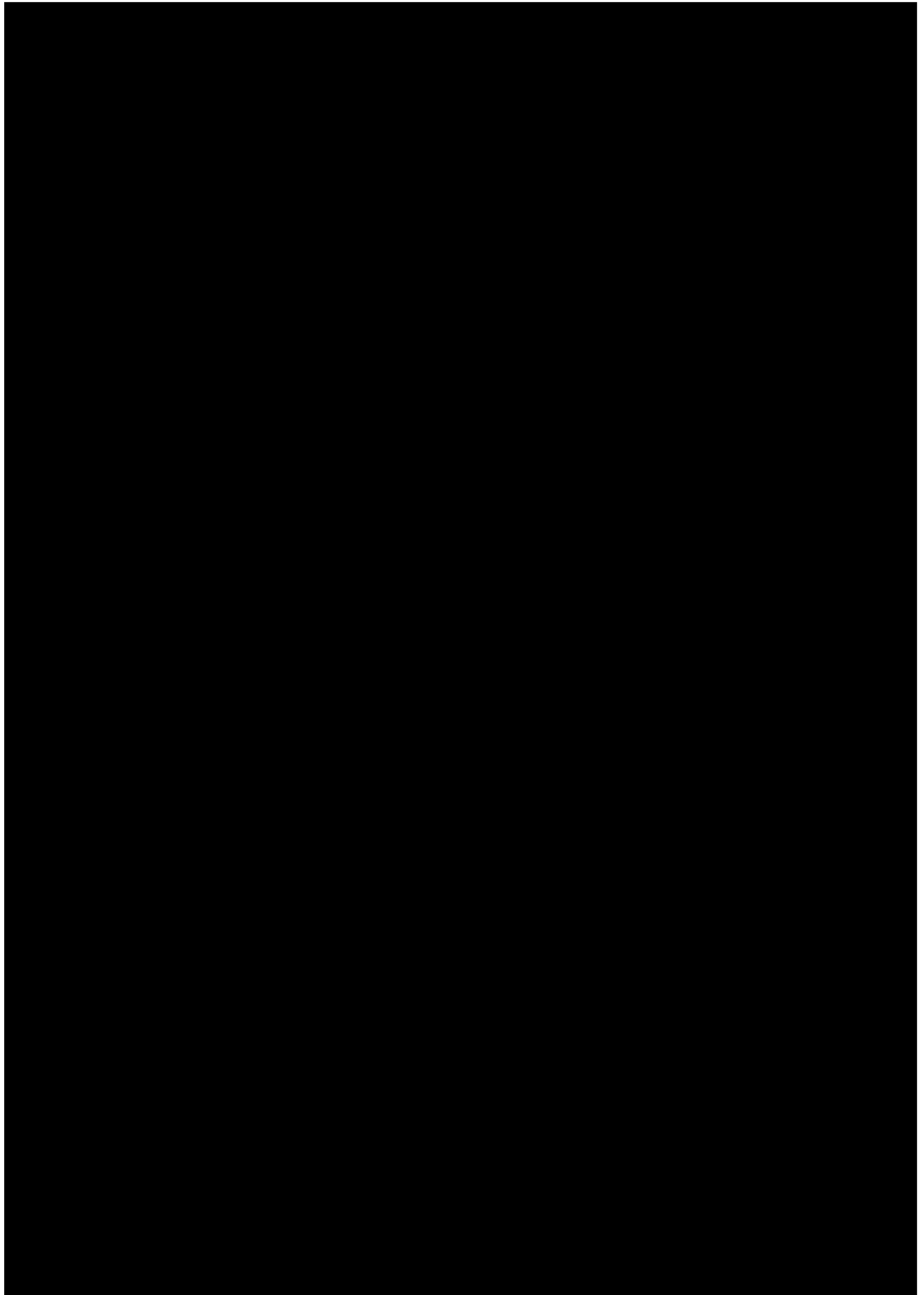
BASIS OF OPINIONS

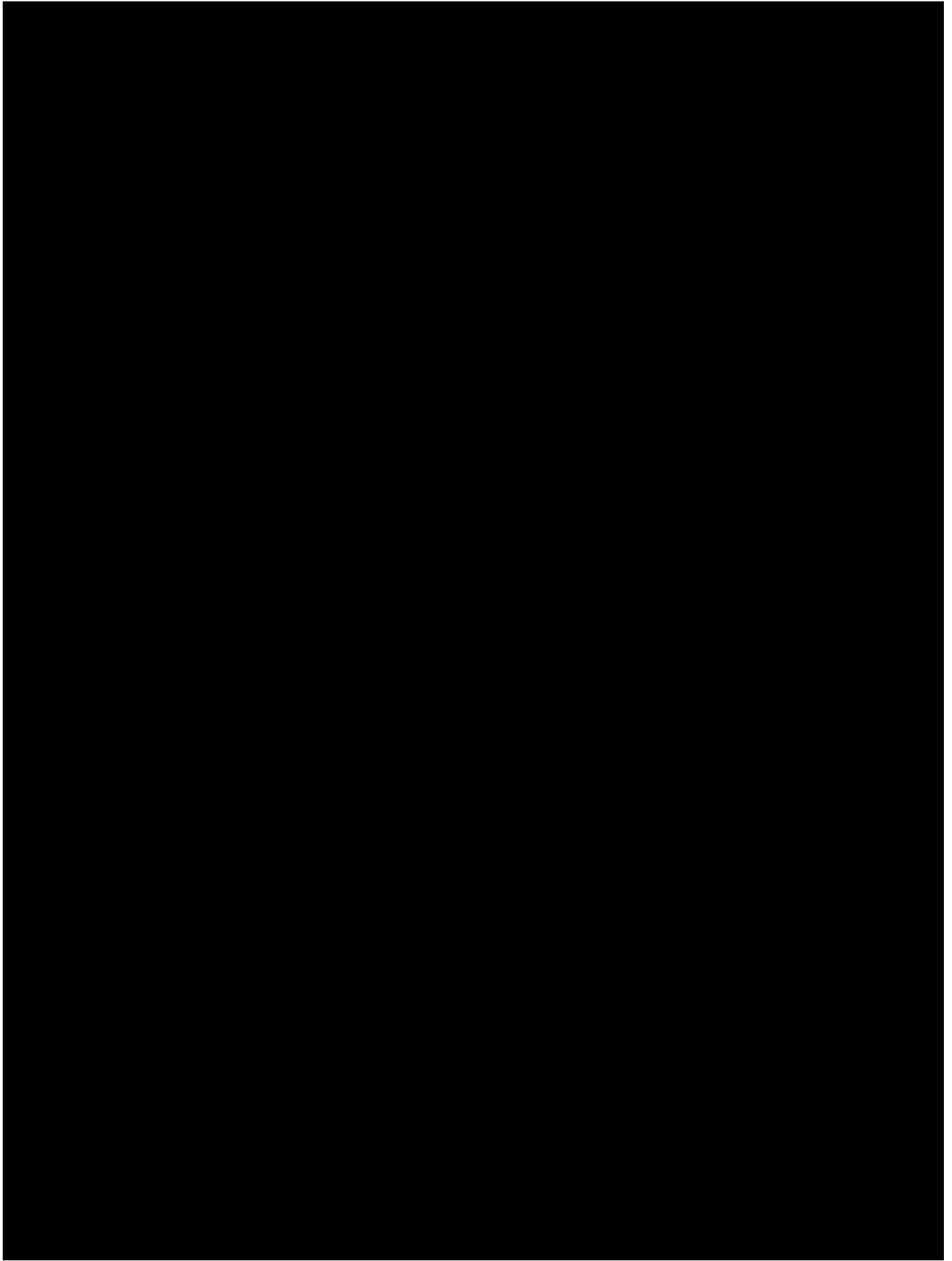
1. Background

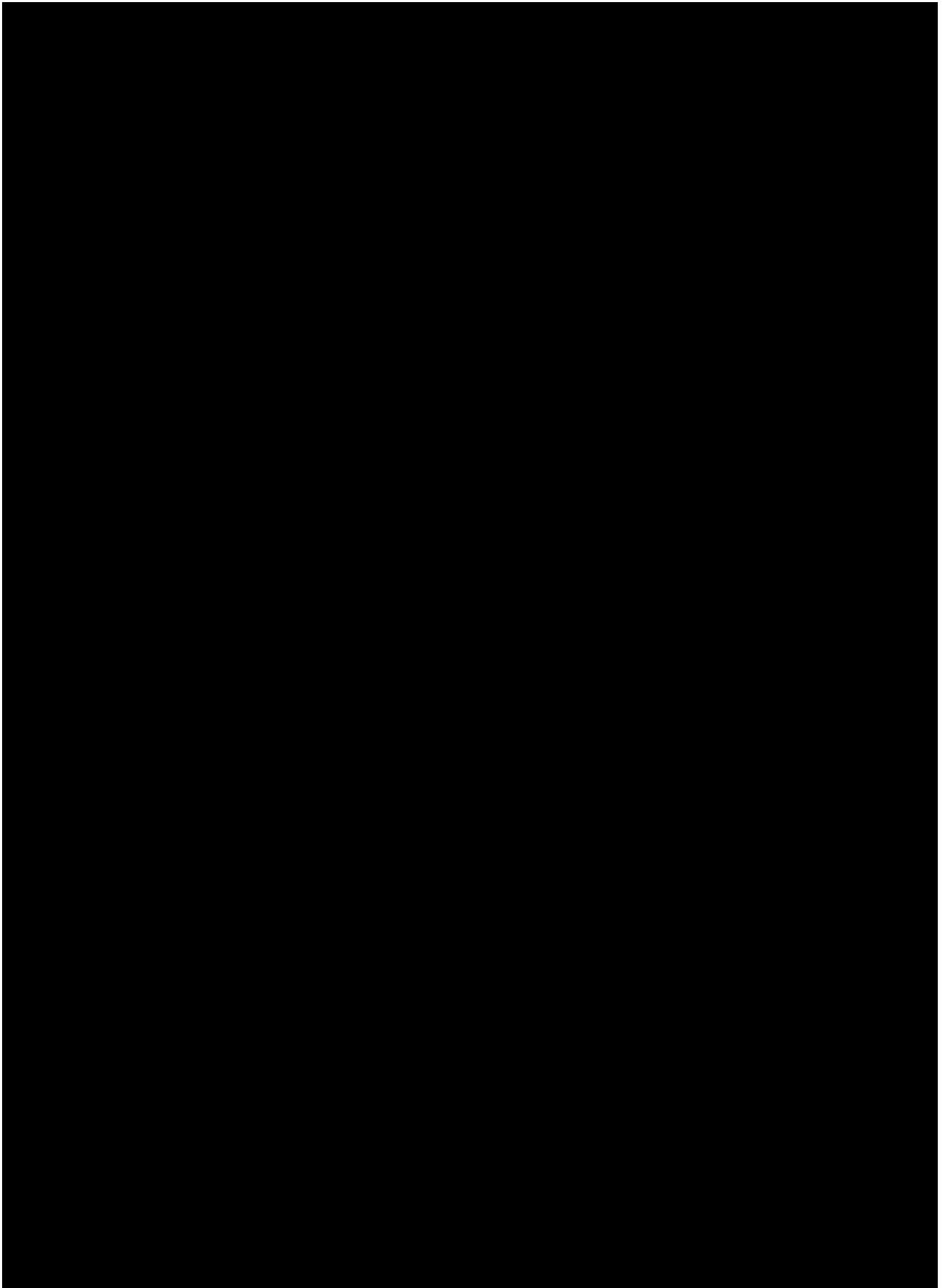
I understand that the litigation between the Plaintiff, Sergey Leontiev, and the Defendant, Alexander Varshavsky, arises out of the Defendant's contention that the Plaintiff is liable for certain debts allegedly undertaken and owed by several companies. Among the debts at issue are the two loans extended by Aylon to Ambika.

The Defendant alleges that over the course of several years, the Plaintiff set up a complicated web of companies in various off-shore jurisdictions and in the names of various straw men, which Plaintiff called the "cloud" because its alleged purpose was to obscure the flow of money between and among those companies. The Defendant claims that the Plaintiff received hundreds of millions of dollars through various shell companies he controlled, including the borrowers at issue in this dispute, which acted as intermediaries through which money flowed into the cloud. After those funds passed through the intermediaries, Plaintiff allegedly caused them to be transferred between the various entities he controlled inside the cloud, and ultimately diverted to other companies he owned and controlled, leaving the borrowers insolvent and unable to repay the loaned amounts to the Plaintiff's own benefit.









4. Ambika and Aylon Loan Agreements

The documentation provided by Gibson Dunn for the commercial loans between Ambika and Aylon consisted of two loan agreements, 14 additional agreements related to these loans and eight bank statements from Ambika's account at Probusinessbank, covering the period from January 1, 2008 through December 31, 2015.

- a. For both of these loans, Ambika was listed as the borrower and Aylon was listed as the lender. Based on the loan agreements and subsequent additional agreements, the stated annual interest rates for these two loans ranged from 11% to 15%. One of the loans, Loan 1812/08, was dated December 18, 2008 and provided for an initial disbursement from Aylon to Ambika in the amount of \$19.9 million. The other loan, Loan 0109/11, was dated September 1, 2011 and provided for an initial disbursement from Aylon to Ambika in the amount of \$6.625 million. Refer to Exhibit 3 for the underlying loan agreements.
- b. A review of the related additional agreements indicated that these 14 agreements extended the life of the two loans, changed the interest rates of the two loans, or stipulated that accrued interest for either of the two loans would be capitalized to the loan principal. On December 9, 2014, Additional Agreement #6 to Loan 0109/11 indicated that the outstanding principal and accrued interest from Loan 1812/08 would be capitalized into Loan 0109/11. Refer to Exhibit 3 for the underlying loan agreements.
- c. The bank statements reviewed for Ambika's account at Probusinessbank indicate a credit on December 19, 2008 in the amount of \$19.9 million and a credit on September 1, 2011 in the amount of \$6.625 million. These are the same amounts that are provided for in the two loan

⁶ The determination for whether a loan payment was made from Wonderworks to the lender was based on the debits and credits listed in the reviewed bank statements. The debits and credits entries related to loans in the bank statements contained descriptions that usually explicitly noted their connection to the loans and sometimes contained specific loan numbers.

⁷ The U.S. Prime Rate, as noted by Bloomberg, is the base rate for corporate loans and based on the interest rates charged by 13 of the top 25 banks (identified by total assets). The U.S. Prime Rate, as noted by the Wall Street Journal, is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks. Both the U.S. Prime Rate noted per Bloomberg and the Wall Street Journal Prime Rate were 3.25% for all 16 loan disbursement dates noted above.

agreements. The statements also indicate 68 debits totaling \$17,948,776.87, with the first debit on March 23, 2009 and the last debit on July 24, 2015. Through a review of the corresponding transaction descriptions for these debits on the bank statements, 47 of these debits appear to be interest payments for Loan 1812/08, totaling \$14,935,619.55, while 21 of these debits appear to be interest payments for Loan 0109/11, totaling \$3,013,157.32. The bank statements also indicate one debit for \$2,191,134.24 and one credit for \$2,100,000.00 that appear to be related to Loan 1809/09 between Ambika and Aviron. Furthermore, the bank statements indicate 17 debits totaling \$4,164,996.31 and two credits totaling \$13,720,000.00 that appear to be related to Loan 2712/10 between Ambika and Aviron. Refer to Appendix V for the complete analysis of Loans 1812/08 and 0109/11, refer to Exhibit 6 for the corresponding bank statements, and refer to Exhibit 3 for the underlying loan agreements.

* * * * *

This report discusses the opinions I have formed to date. My opinions and the basis for them as discussed above may be amended and or supplemented based upon information that subsequently comes to my attention.



Charles W. Laurence

**CURRICULUM VITAE
OF
CHARLES W. LAURENCE**

**PROFESSIONAL
HISTORY**

Mr. Laurence is a Managing Director in the New York Financial Advisory Services practice of AlixPartners, LLP. Prior to joining AlixPartners, Mr. Laurence was a partner in the litigation services and corporate investigations practice of PricewaterhouseCoopers LLP.

**PROFESSIONAL
EXPERIENCE**

During his thirty years of experience, Mr. Laurence has assisted counsel and corporate management in analyzing complex accounting and financial issues in investigation, litigation, arbitration and due diligence matters. Clients include BP, Shell, UBS, Deutsche Bank, Bank of Tokyo, Barclays, Microsoft, Tyco, NEC, McAfee, IBM, St. Joe, GE Capital, General Atlantic and NY REIT.

Mr. Laurence has testified as an expert in civil and arbitration matters, and presented his findings to the Securities and Exchange Commission and Department of Justice, regulators including in matters involving application of Generally Accepted Accounting Principles (U.S. and International), internal controls and governance, fraud, AML/OFAC, and financial and accounting irregularities. Mr. Laurence has led numerous anti-corruption compliance reviews and investigations in Europe, Asia, South America and Africa.

Mr. Laurence has also been engaged to advise clients by performing due diligence, evaluating contractual compliance, and preparing and critically analyzing financial projections in the banking, oil and gas, technology, manufacturing, real estate, retail and healthcare sectors. He began his career as an auditor of major North American and British multinational companies.

EDUCATION

Middlesex University, London - B.A. Business Studies, 1986

**PROFESSIONAL
AND BUSINESS
AFFILIATIONS**

Fellow of the Institute of Chartered Accountants in England & Wales
Associate Member, American Institute of Certified Public Accountants
Associate Member, Association of Certified Fraud Examiners
Member, Association of Chartered Accountants in the United States

**EXPERT
TESTIMONY**

Dennis E. Murray, Sr., and DPM, LTD, v. Conseco, Inc., and Conseco Services, LLC, United States District Court of Indiana (Case No. 1:03-CV-1701-LJM-JMS), 2008.

Securities and Exchange Commission v. Lucent Technologies Inc., et al, Civil Action No. 04-CV-2315 (WHW) (CC), 2008.

DHL Network Operations v. ABX Air Corp., American Arbitration Association (Case No. 13 147 Y 02521 07), 2008.

Joe Comes, et al. v. Microsoft Corporation, Iowa District Court for Polk County (Case No. CL82311), 2006.

Lumenis, Inc. v. Gerald Katzoff, in his capacity as trustee of the Stuart Katzoff Trust, United States District Court for the Eastern District of Pennsylvania (Case No. 03-1350), 2006.

Daniel Gordon, et al. v. Microsoft, State of Minnesota District Court, County of Hennepin, Fourth Judicial District (Civil No. 00-5994).

Charles I. Friedman, et al. v. Microsoft Corp., Superior Court of the State of Arizona in and for the County of Maricopa (No. 2000-000722, Consolidated with No. CV2000-005872).

Charles J. Lingo, et al. v. Microsoft Corp., Superior Court of the State of California for the City and County of San Francisco (J.C.C.P. No. 4106).

PUBLICATIONS

Cross-Border M&A, Bribery and Corruption Issues in International Transactions, (June 2015)

Survey Reveals In-House Views on Expanding Business to Africa, ACC Docket, July 8, 2013

Doing Business in Africa, Directors and Boards, July 2013

Business Opportunities in Africa, Corporate Secretary, July 2013

Execs See Africa Opportunities, But Risks Too, FCPA Blog, Apr. 19, 2013

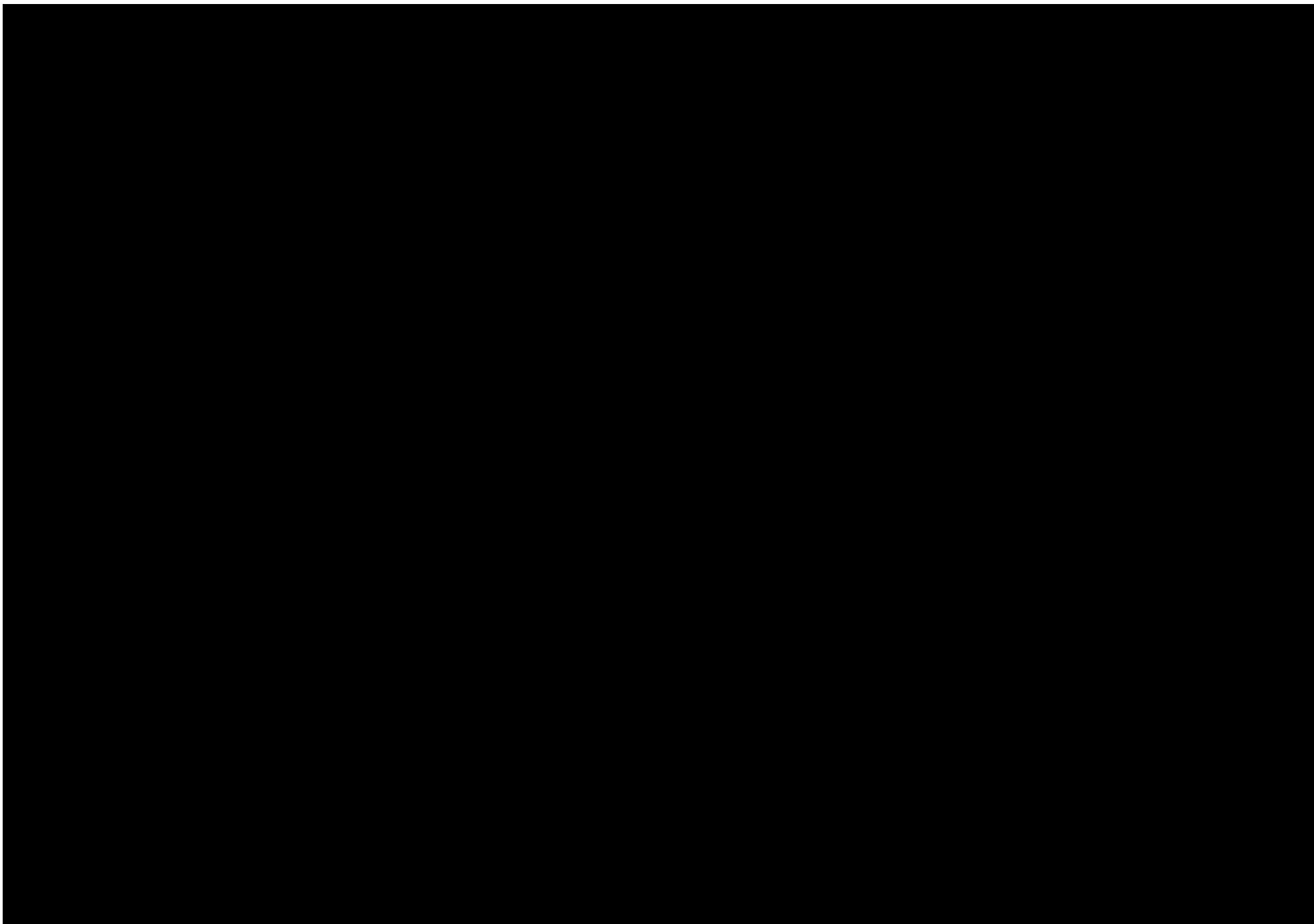
Africa: Open for Business, Law 360, April 16, 2013

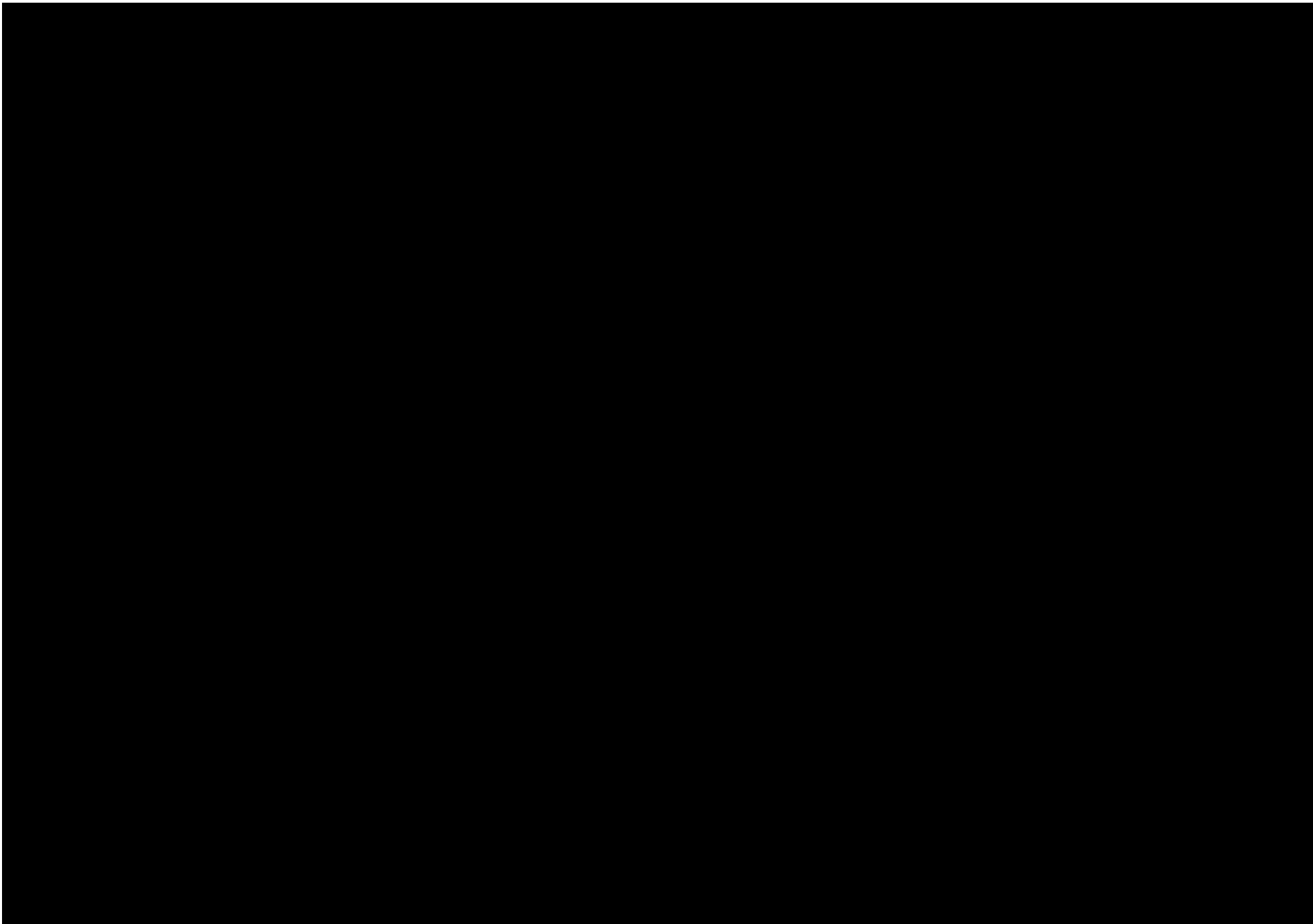
Africa: Now Open for Business. Weighing the Opportunities and Risks, AlixPartners.com, (April 2013)

Corruption Risk in the Oil and Gas Industry, AlixPartners.com, (December 2012)

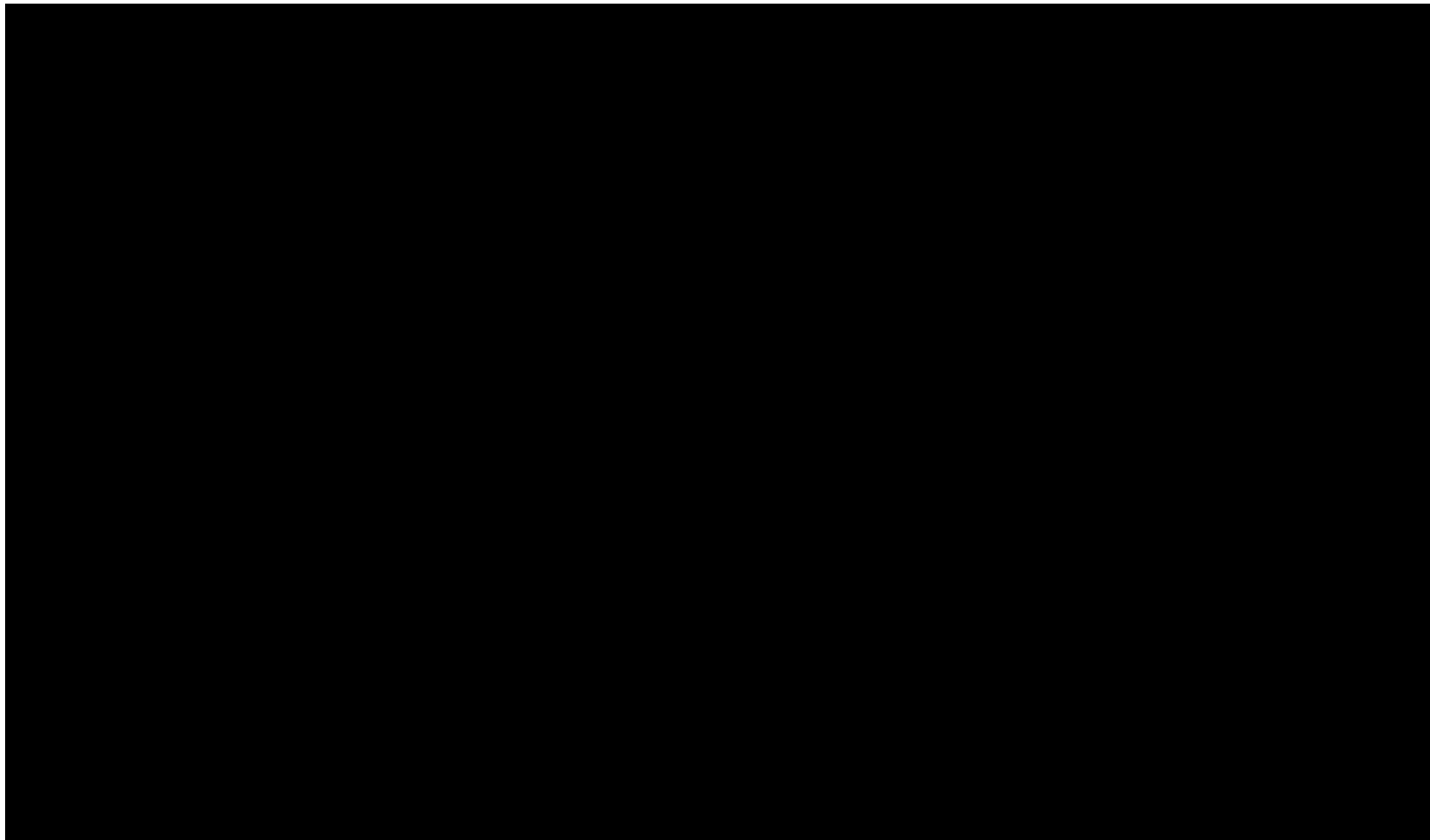
U.K. Bribery Act – Turning Prevention into Effective Compliance (December 2011)

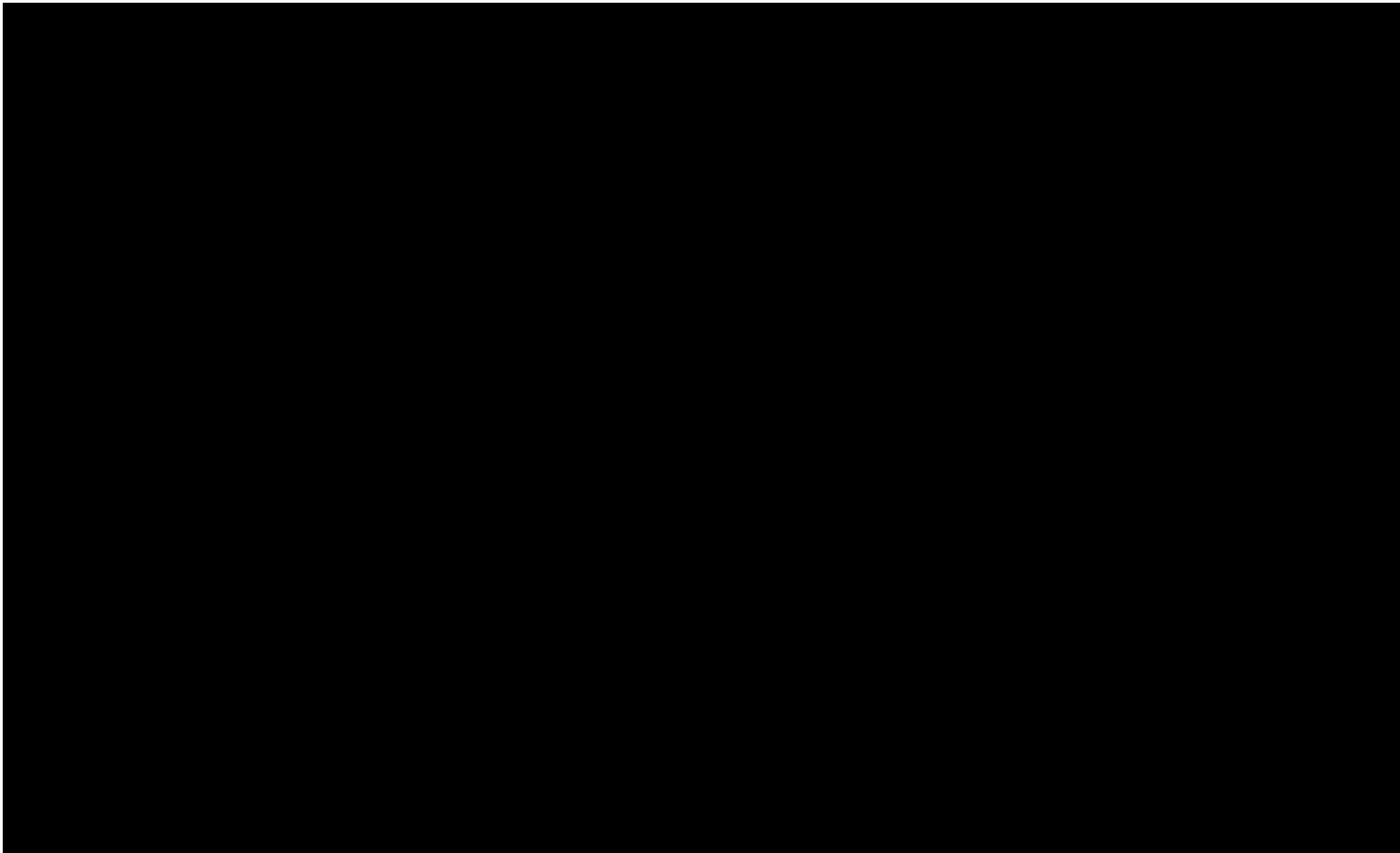
Investing in Africa – New Opportunities but Risk Remain, Compliance Week (July 2011)

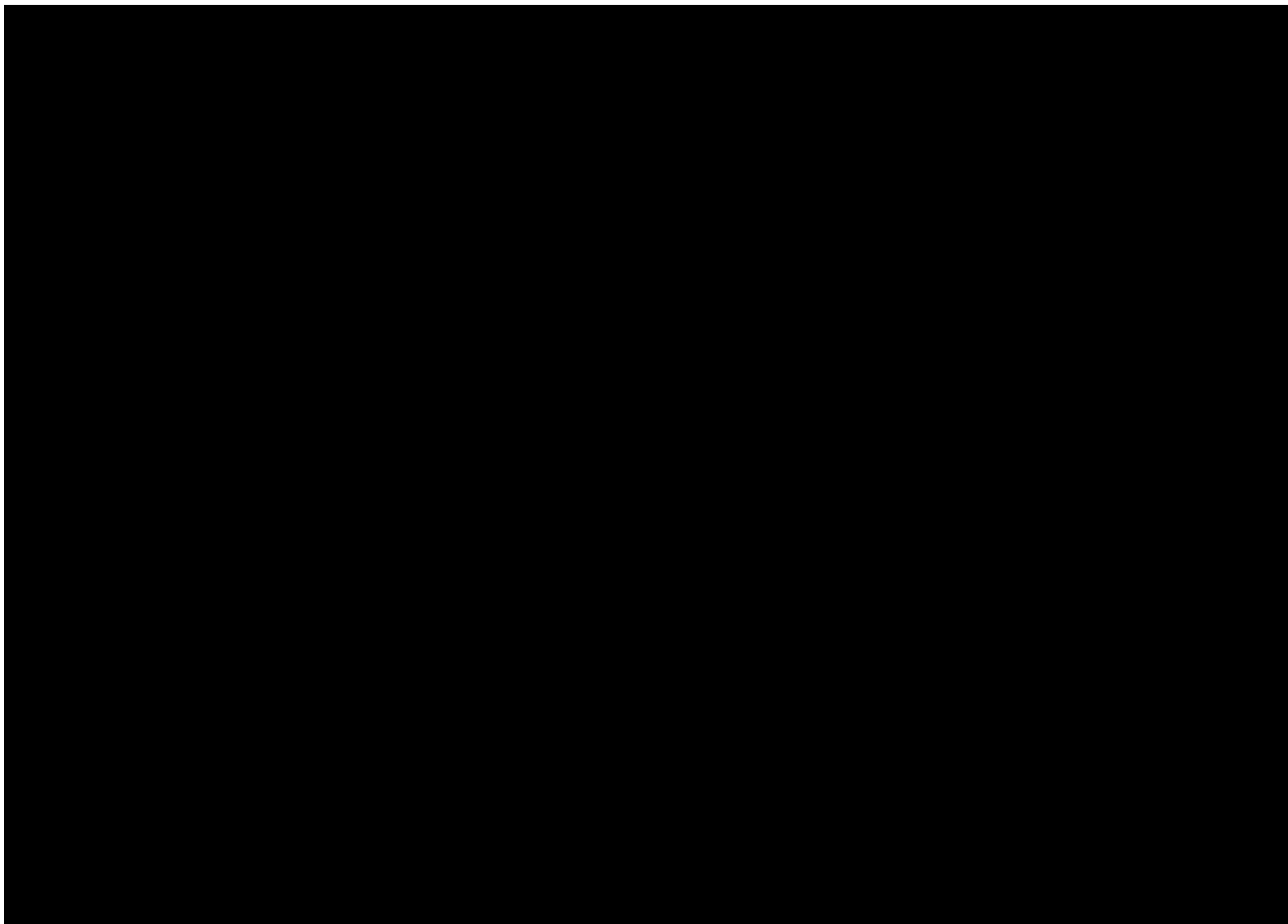


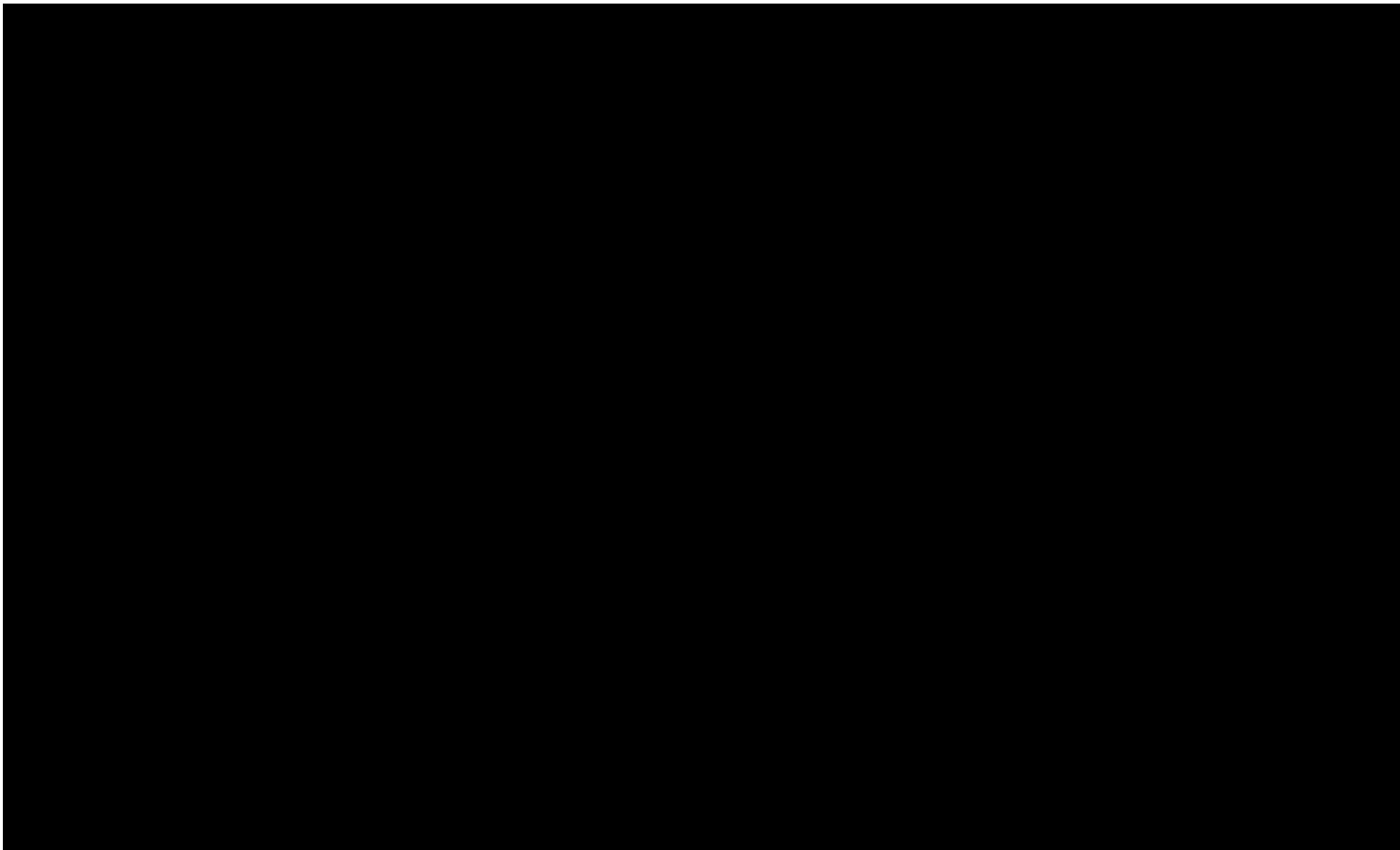


Confidential Pursuant to Protective Order Entered September 21, 2016









Appendix V: Debits and Credits for Ambika Probusinessbank Account Related to Loan 1812/08 and Loan 0109/11

(Refer to Exhibit 3 for the underlying loan agreements and refer to Exhibit 6 for the corresponding bank statements.)

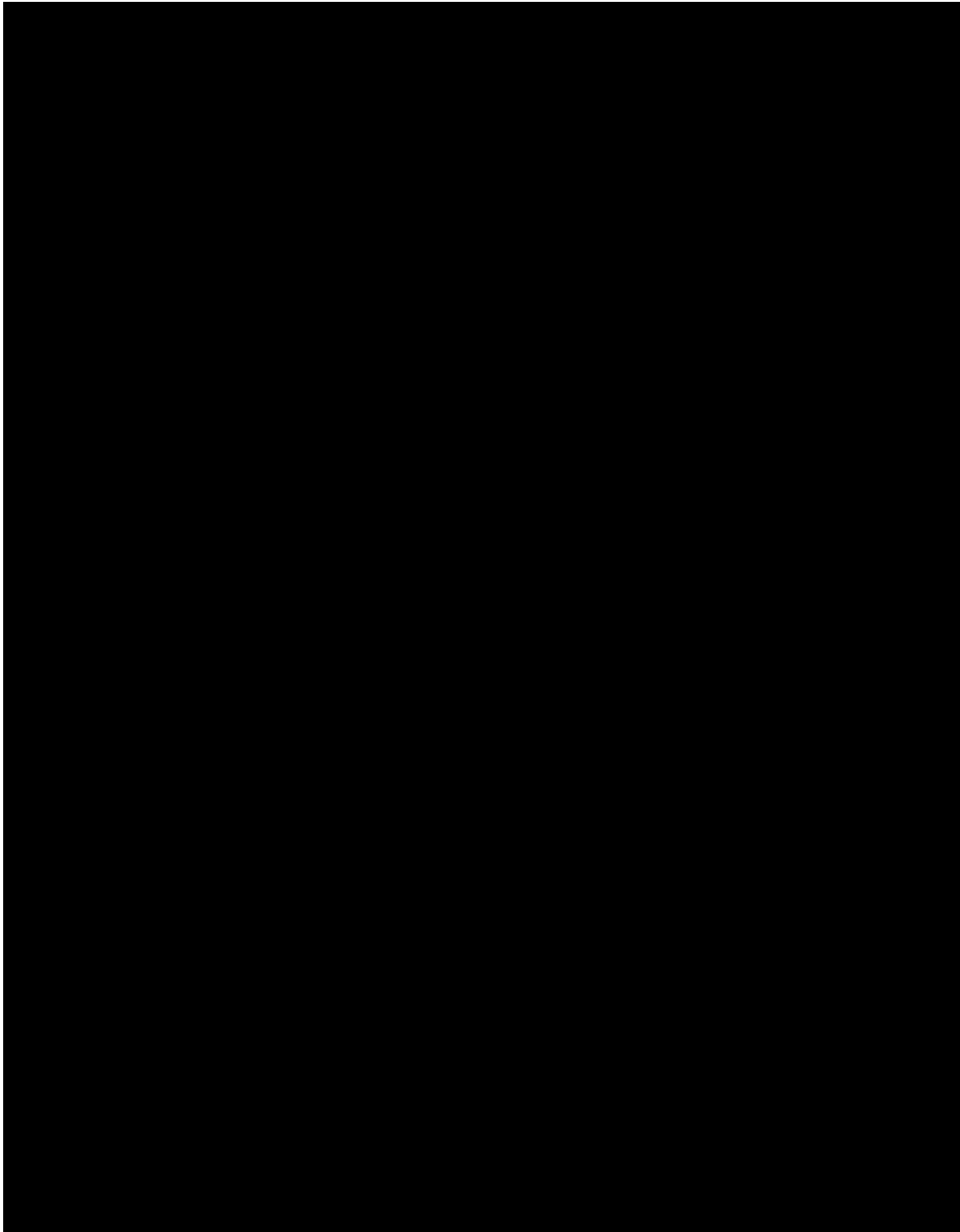
Date	Loan 1812/08		Loan 0109/11	
	Sum of Debit (J)	Sum of Credit (K)	Sum of Debit (J)	Sum of Credit (K)
12/19/2008	-	19,900,000.00	-	-
3/23/2009	686,708.64	-	-	-
6/19/2009	702,224.66	-	-	-
9/18/2009	843,414.99	-	-	-
9/22/2009	-	-	-	-
12/21/2009	752,383.56	-	-	-
1/1/2010	-	-	-	-
2/1/2010	-	-	-	-
2/17/2010	-	-	-	-
2/18/2010	-	-	-	-
2/19/2010	-	-	-	-
2/20/2010	-	-	-	-
2/25/2010	-	-	-	-
3/19/2010	736,027.40	-	-	-
6/18/2010	744,205.48	-	-	-
9/20/2010	768,739.73	-	-	-
12/20/2010	744,205.48	-	-	-
12/27/2010	-	-	-	-
3/21/2011	545,750.68	-	-	-
3/28/2011	-	-	-	-
6/20/2011	545,750.68	-	-	-
6/27/2011	-	-	-	-
9/1/2011	-	-	-	6,625,000.00
9/20/2011	551,747.95	-	-	-
9/27/2011	-	-	-	-
12/19/2011	-	-	181,688.36	-
12/20/2011	545,750.68	-	-	-
12/27/2011	-	-	-	-
1/20/2012	185,587.35	-	-	-
1/27/2012	-	-	-	-
2/20/2012	185,407.10	-	-	-
2/27/2012	-	-	-	-
3/1/2012	-	-	181,355.59	-
3/20/2012	173,445.36	-	-	-
3/28/2012	-	-	-	-
4/2/2012	-	-	61,724.73	-
4/20/2012	185,407.10	-	-	-
4/27/2012	-	-	-	-
5/2/2012	-	-	59,733.61	-

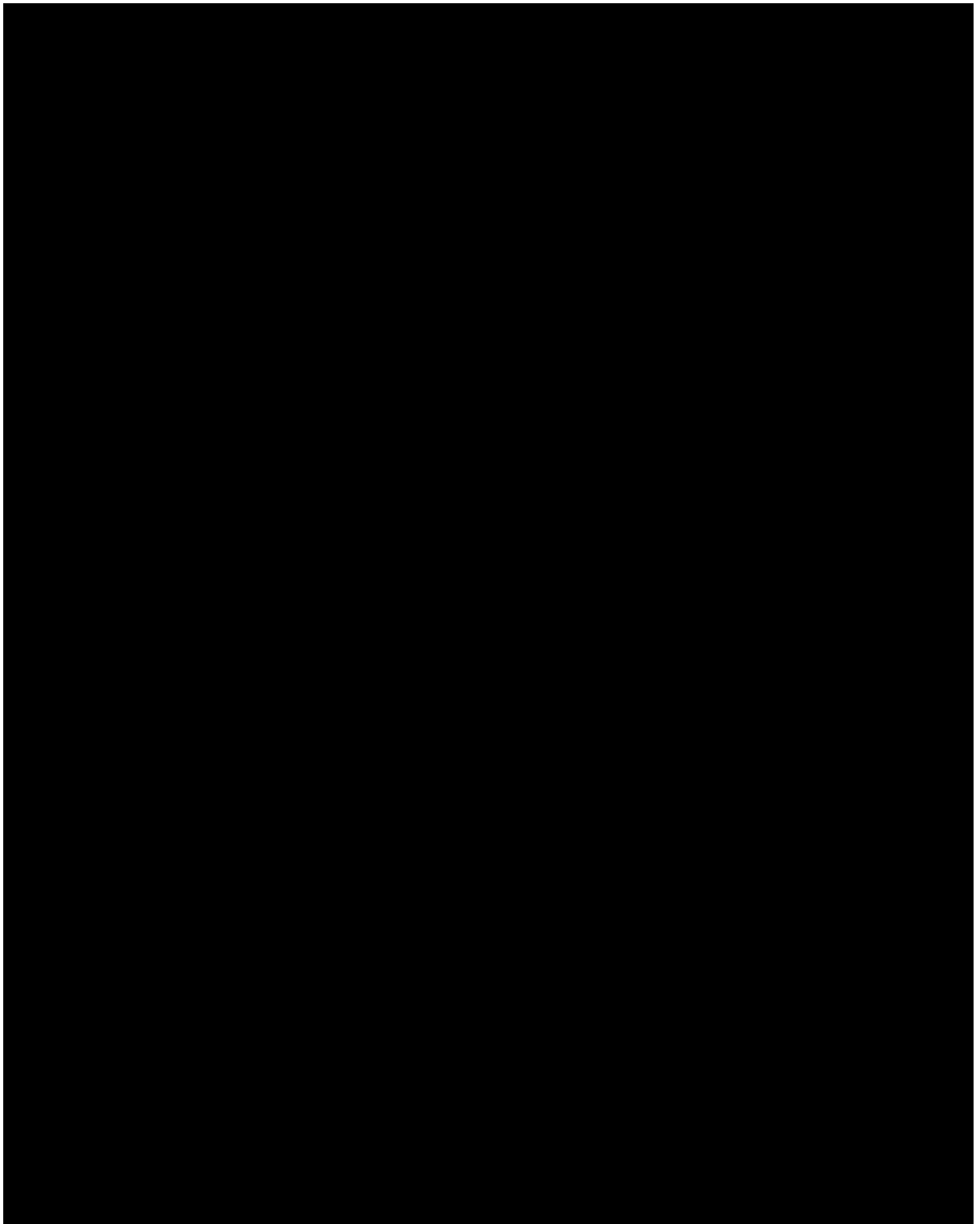
Date	Loan 1812/08		Loan 0109/11	
	Sum of Debit (J)	Sum of Credit (K)	Sum of Debit (J)	Sum of Credit (K)
5/21/2012	185,407.10	-	-	-
5/28/2012	-	-	-	-
6/1/2012	-	-	61,724.73	-
6/22/2012	179,426.23	-	-	-
6/27/2012	-	-	-	-
7/2/2012	-	-	59,733.61	-
7/20/2012	179,426.23	-	-	-
7/27/2012	-	-	-	-
8/1/2012	-	-	61,724.73	-
8/20/2012	185,407.10	-	-	-
8/27/2012	-	-	-	-
9/3/2012	-	-	65,706.97	-
9/20/2012	185,407.10	-	-	-
9/27/2012	-	-	-	-
10/1/2012	-	-	55,751.37	-
10/22/2012	191,387.98	-	-	-
10/29/2012	-	-	-	-
11/20/2012	173,445.36	-	-	-
11/27/2012	-	-	-	-
12/20/2012	179,426.23	-	-	-
12/27/2012	-	-	-	-
1/21/2013	209,162.27	-	-	-
2/20/2013	196,273.97	-	-	-
3/20/2013	183,189.04	-	-	-
4/22/2013	215,901.37	-	-	-
5/20/2013	183,189.04	-	-	-
6/20/2013	202,816.44	-	-	-
7/22/2013	209,358.90	-	-	-
8/20/2013	189,731.51	-	-	-
9/3/2013 ^[1]	-	-	-	-
9/12/2013 ^[2]	-	-	-	-
9/20/2013	202,816.44	-	-	-
10/21/2013	202,816.44	-	-	-
11/5/2013	-	-	3,346.86	-
11/20/2013	196,273.97	-	-	-
12/20/2013	196,273.97	-	-	-
12/27/2013	-	-	-	-
1/21/2014	209,358.90	-	-	-
1/30/2014	-	-	-	-
2/5/2014	-	-	207,945.21	-
2/20/2014	196,273.97	-	-	-
3/20/2014	183,189.04	-	-	-
4/21/2014	209,358.90	-	-	-
5/5/2014	-	-	201,164.38	-

Date	Loan 1812/08		Loan 0109/11	
	Sum of Debit (J)	Sum of Credit (K)	Sum of Debit (J)	Sum of Credit (K)
5/20/2014	189,731.51	-	-	-
6/20/2014	202,816.44	-	-	-
7/21/2014	202,816.44	-	-	-
8/5/2014	-	-	207,945.21	-
8/20/2014	196,273.97	-	-	-
9/22/2014	215,901.37	-	-	-
10/20/2014	183,189.04	-	-	-
11/5/2014	-	-	207,945.21	-
11/20/2014	202,816.44	-	-	-
1/29/2015	-	-	204,083.35	-
2/25/2015	-	-	204,083.35	-
3/24/2015	-	-	184,333.33	-
4/24/2015	-	-	204,083.35	-
5/25/2015	-	-	197,500.01	-
6/25/2015	-	-	204,083.35	-
7/24/2015	-	-	197,500.01	-
TOTALS	\$ 14,935,619.55	\$ 19,900,000.00	\$ 3,013,157.32	\$ 6,625,000.00
<i>Sum of Total Debits</i>	\$ 17,948,776.87			
<i>Sum of Total Credits</i>	\$ 26,525,000.00			

Notes:

[1][2] \$738,540.46 was initially paid as interest on September 3, 2013 and subsequently re-credited to the account on September 12, 2013. The entry is supported by the commentary, "Refund of mistakenly received funds according to [t]he loan contract 0109/11 dd 01.09.2011." APLLP removed these two line items from the above. Refer to Exhibit 6 for underlying bank statements.





Appendix VII

Appendix VII: Documents Considered

1. Complaint, *Leontiev v. Varshavsky*, No. 1:16-cv-03595 (JSR) (S.D.N.Y.) (May 13, 2016)
2. Amended Answer, *Leontiev v. Varshavsky*, No. 1:16-cv-03595 (JSR) (S.D.N.Y.) (Aug. 26, 2016)
3. Bloomberg Finance Historical Pricing Quotes
4. Understanding Derivatives: Markets and Infrastructure, *Federal Reserve Bank of Chicago* (2013)
5. SL0003491-SL0003495
6. SL0003675-SL0003689
7. SL0003419-SL0003449
8. SL0003661-SL0003674
9. SL0003753-SL0003764
10. SL0003479-SL0003490
11. SL0003566-SL0003574
12. SL0003616-SL0003622
13. SL0003709-SL0003714
14. SL0003765-SL0003775
15. SL0004365-SL0004370
16. SL0004066-SL0004088
17. SL0003795-SL0003819
18. SL0003554-SL0003565
19. SL0003575-SL0003589
20. SL0003820-SL0003846
21. SL0003847-SL0003856
22. SL0003590-SL0003615
23. SL0003623-SL0003633
24. SL0003857-SL0003879
25. SL0003519-SL0003534

Appendix VII

26. SL0003634-SL0003660
27. SL0003776-SL0003794
28. SL0003535-SL0003553
29. SL0003715-SL0003727
30. SL0003880-SL0003881
31. SL0003882-SL0003883
32. SL0003890-SL0003891
33. SL0003884-SL0003885
34. SL0003892-SL0003893
35. SL0003886-SL0003887
36. SL0007591-SL0007592
37. SL0007593-SL0007594
38. SL0007597-SL0007598
39. SL0003888-SL0003889
40. SL0003894-SL0003895
41. SL0003896-SL0003897
42. SL0005251-SL0005255
43. SL0004504-SL0004508
44. SL0004509-SL0004513
45. SL0004514-SL0004518
46. SL0004519-SL0004523
47. SL0004532-SL0004536
48. SL0004545-SL0004549
49. SL0004550-SL0004554
50. SL0004555-SL0004559
51. SL0004560-SL0004564

Appendix VII

- 52. SL0004565-SL0004569
- 53. SL0004574-SL0004578
- 54. SL0004579-SL0004583
- 55. SL0004588-SL0004592
- 56. SL0004593-SL0004597
- 57. SL0004598-SL0004602
- 58. SL0003898-SL0003925
- 59. SL0023616-SL0023665
- 60. SL0035694-SL0035697
- 61. SL0023697-SL0023729
- 62. SL0023529-SL0023572
- 63. SL0023573-SL0023612
- 64. AVP0001994-AVP0001999
- 65. SL0001195
- 66. SL0001196
- 67. SL0001198
- 68. SL0001199
- 69. SL0001200
- 70. SL0001201
- 71. SL0001582
- 72. SL0023460-SL0023468
- 73. SL0013695-SL0013710
- 74. SL0000030-SL0000039
- 75. SL0000042-SL0000064